



January 28, 2009

HOUSE BILL No. 1426

DIGEST OF HB 1426 (Updated January 22, 2009 1:41 pm - DI 75)

Citations Affected: IC 6-3.5; IC 6-6; IC 36-8.

Synopsis: Fire protection territories and taxation. Provides that for purposes of allocating any county adjusted gross income tax, county option income tax, and county economic development income tax distributions or excise tax distributions that are based on the amount of a taxing unit's property tax levies, each unit participating in a fire protection territory shall be considered to have imposed a part of the property tax levy imposed for the fire protection territory. Specifies that the part of the property tax levy imposed for the fire protection territory that is attributed to a particular participating unit is based on the percentage determined by dividing: (1) the participating unit's property tax levies imposed in the year before a property tax levy was first imposed for the fire property territory; by (2) the property tax levies imposed by all participating units in the year before a property tax levy was first imposed for the fire property territory. Provides that the legislative bodies of all participating units in a fire protection territory may agree to change the provider unit of the territory. Specifies that the provider unit may not be changed more than one time in a year.

Effective: Upon passage; July 1, 2009.

Battles, Saunders, Michael

January 13, 2009, read first time and referred to Committee on Local Government.
January 27, 2009, reported — Do Pass. Recommitted to Committee on Ways & Means.

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HB 1426—LS 7388/DI 73+



January 28, 2009

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1426

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-3.5-1.1-1.1, AS ADDED BY P.L.207-2005,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 1.1. (a) For purposes of allocating the
4 certified distribution made to a county under this chapter among the
5 civil taxing units and school corporations in the county, the allocation
6 amount for a civil taxing unit or school corporation is the amount
7 determined using the following formula:
8 STEP ONE: Determine the sum of the total property taxes being
9 collected by the civil taxing unit or school corporation during the
10 calendar year of the distribution.
11 STEP TWO: Determine the sum of the following:
12 (A) Amounts appropriated from property taxes to pay the
13 principal of or interest on any debenture or other debt
14 obligation issued after June 30, 2005, other than an obligation
15 described in subsection (b).
16 (B) Amounts appropriated from property taxes to make
17 payments on any lease entered into after June 30, 2005, other

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than a lease described in subsection (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit's or school corporation's certified distribution for the previous calendar year.

The allocation amount is subject to adjustment as provided in IC 36-8-19-7.5.

(b) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit or school corporation if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes;

to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(c) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit or school corporation if:

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes;

to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced

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or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

SECTION 2. IC 6-3.5-6-1.1, AS AMENDED BY P.L.146-2008, SECTION 336, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.1. (a) For purposes of allocating the certified distribution made to a county under this chapter among the civil taxing units in the county, the allocation amount for a civil taxing unit is the amount determined using the following formula:

STEP ONE: Determine the total property taxes that are first due and payable to the civil taxing unit during the calendar year of the distribution plus, for a county, an amount equal to the welfare allocation amount.

STEP TWO: Determine the sum of the following:

(A) Amounts appropriated from property taxes to pay the principal of or interest on any debenture or other debt obligation issued after June 30, 2005, other than an obligation described in subsection (b).

(B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit or school corporation's certified distribution for the previous calendar year.

The allocation amount is subject to adjustment as provided in IC 36-8-19-7.5. The welfare allocation amount is an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and, if the county received a certified distribution under IC 6-3.5-1.1 or this chapter in 2008, the property taxes imposed by the county in 2008 for

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the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, and children with special health care needs county fund.

(b) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes; to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(c) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit if:

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes; to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if it had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

SECTION 3. IC 6-3.5-7-12, AS AMENDED BY P.L.146-2008, SECTION 346, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in sections 23, 25, 26, 27, and 28 of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and sections 15 and 25 of this chapter, **and subject to adjustment as provided in**

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IC 36-8-19-7.5, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of:

(A) total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) for a county, the welfare allocation amount.

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus the welfare allocation amount. The welfare allocation amount is an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and, if the county received a certified distribution under this chapter in 2008, the property taxes imposed by the county in 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, and children with special health care needs county fund.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population

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- 1 of the part of the county that is not located in a city or town.
- 2 (3) The ordinance may be made irrevocable for the duration of
- 3 specified lease rental or debt service payments.
- 4 (d) The body imposing the tax may not adopt an ordinance under
- 5 subsection (c) if, before the adoption of the proposed ordinance, any of
- 6 the following have pledged the county economic development income
- 7 tax for any purpose permitted by IC 5-1-14 or any other statute:
- 8 (1) The county.
- 9 (2) A city or town in the county.
- 10 (3) A commission, a board, a department, or an authority that is
- 11 authorized by statute to pledge the county economic development
- 12 income tax.
- 13 (e) The department of local government finance shall provide each
- 14 county auditor with the fractional amount of the certified distribution
- 15 that the county and each city or town in the county is entitled to receive
- 16 under this section.
- 17 (f) Money received by a county, city, or town under this section
- 18 shall be deposited in the unit's economic development income tax fund.
- 19 (g) Except as provided in subsection (b)(2)(B), in determining the
- 20 fractional amount of the certified distribution the county and its cities
- 21 and towns are entitled to receive under subsection (b) during a calendar
- 22 year, the department of local government finance shall consider only
- 23 property taxes imposed on tangible property subject to assessment in
- 24 that county.
- 25 (h) In a county having a consolidated city, only the consolidated city
- 26 is entitled to the certified distribution, subject to the requirements of
- 27 sections 15, 25, and 26 of this chapter.
- 28 SECTION 4. IC 6-6-5-10, AS AMENDED BY P.L.146-2008,
- 29 SECTION 353, IS AMENDED TO READ AS FOLLOWS
- 30 [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) The bureau shall
- 31 establish procedures necessary for the collection of the tax imposed by
- 32 this chapter and for the proper accounting for the same. The necessary
- 33 forms and records shall be subject to approval by the state board of
- 34 accounts.
- 35 (b) The county treasurer, upon receiving the excise tax collections,
- 36 shall receipt such collections into a separate account for settlement
- 37 thereof at the same time as property taxes are accounted for and settled
- 38 in June and December of each year, with the right and duty of the
- 39 treasurer and auditor to make advances prior to the time of final
- 40 settlement of such property taxes in the same manner as provided in
- 41 IC 5-13-6-3.
- 42 (c) As used in this subsection, "taxing district" has the meaning set

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forth in IC 6-1.1-1-20, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, and "tuition support levy" refers to a school corporation's tuition support property tax levy under IC 20-45-3-11 (repealed) for the school corporation's general fund. The county auditor shall determine the total amount of excise taxes collected for each taxing district in the county and the amount so collected (and the distributions received under section 9.5 of this chapter) shall be apportioned and distributed among the respective funds of the taxing units in the same manner and at the same time as property taxes are apportioned and distributed (**subject to adjustment as provided in IC 36-8-19-7.5**). However, for purposes of determining distributions under this section for 2009 and each year thereafter, a state welfare and tuition support allocation shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the state welfare and tuition support allocation to the treasurer of state for deposit, as directed by the budget agency. The amount of the state welfare and tuition support allocation for a county for a particular year is equal to the result determined under STEP FOUR of the following formula:

STEP ONE: Determine the result of the following:

(A) Separately for 1997, 1998, and 1999 for each taxing district in the county, determine the result of:

(i) the amount appropriated in the year by the county from the county's county welfare fund and county welfare administration fund; divided by

(ii) the total amounts appropriated by all taxing units in the county for the same year.

(B) Determine the sum of the clause (A) amounts.

(C) Divide the clause (B) amount by three (3).

(D) Determine the result of:

(i) the amount of excise taxes allocated to the taxing district that would otherwise be available for distribution to taxing units in the taxing district; multiplied by

(ii) the clause (C) amount.

STEP TWO: Determine the result of the following:

(A) Separately for 2006, 2007, and 2008 for each taxing district in the county, determine the result of:

(i) the tax rate imposed in the taxing district for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund,

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children with special health care needs county fund, plus, in the case of Marion County, the tax rate imposed by the health and hospital corporation that was necessary to raise thirty-five million dollars (\$35,000,000) from all taxing districts in the county; divided by

(ii) the aggregate tax rate imposed in the taxing district for the same year.

(B) Determine the sum of the clause (A) amounts.

(C) Divide the clause (B) amount by three (3).

(D) Determine the result of:

(i) the amount of excise taxes allocated to the taxing district that would otherwise be available for distribution to taxing units in the taxing district after subtracting the STEP ONE (D) amount for the same taxing district; multiplied by

(ii) the clause (C) amount.

(E) Determine the sum of the clause (D) amounts for all taxing districts in the county.

STEP THREE: Determine the result of the following:

(A) Separately for 2006, 2007, and 2008 for each taxing district in the county, determine the result of:

(i) the tuition support levy tax rate imposed in the taxing district plus the tax rate imposed by the school corporation for the school corporation's special education preschool fund in the district; divided by

(ii) the aggregate tax rate imposed in the taxing district for the same year.

(B) Determine the sum of the clause (A) amounts.

(C) Divide the clause (B) amount by three (3).

(D) Determine the result of:

(i) the amount of excise taxes allocated to the taxing district that would otherwise be available for distribution to taxing units in the taxing district after subtracting the STEP ONE (D) amount for the same taxing district; multiplied by

(ii) the clause (C) amount.

(E) Determine the sum of the clause (D) amounts for all taxing districts in the county.

STEP FOUR: Determine the sum of the STEP ONE, STEP TWO, and STEP THREE amounts for the county.

If the boundaries of a taxing district change after the years for which a ratio is calculated under STEP ONE, STEP TWO, or STEP THREE, the budget agency shall establish a ratio for the new taxing district that reflects the tax rates imposed in the predecessor taxing districts.

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(d) Such determination shall be made from copies of vehicle registration forms furnished by the bureau of motor vehicles. Prior to such determination, the county assessor of each county shall, from copies of registration forms, cause information pertaining to legal residence of persons owning taxable vehicles to be verified from the assessor's records, to the extent such verification can be so made. The assessor shall further identify and verify from the assessor's records the several taxing units within which such persons reside.

(e) Such verifications shall be done by not later than thirty (30) days after receipt of vehicle registration forms by the county assessor, and the assessor shall certify such information to the county auditor for the auditor's use as soon as it is checked and completed.

SECTION 5. IC 6-6-5.5-20, AS AMENDED BY P.L.146-2008, SECTION 354, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) On or before May 1, subject to subsections (c) and (d), the auditor of state shall distribute to each county auditor an amount equal to fifty percent (50%) of the total base revenue to be distributed to all taxing units in the county for that year.

(b) On or before December 1, subject to subsections (c) and (d), the auditor of state shall distribute to each county auditor an amount equal to the greater of the following:

(1) Fifty percent (50%) of the total base revenue to be distributed to all taxing units in the county for that year.

(2) The product of the county's distribution percentage multiplied by the total commercial vehicle excise tax revenue deposited in the commercial vehicle excise tax fund.

(c) Before distributing the amounts under subsections (a) and (b), the auditor of state shall deduct for a county unit an amount for deposit in a state fund, as directed by the budget agency, equal to the result determined under STEP FIVE of the following formula:

STEP ONE: Separately for 2006, 2007, and 2008, determine the result of:

(A) the tax rate imposed by the county in the year for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, children with special health care needs county fund, plus, in the case of Marion County, the tax rate imposed by the health and hospital corporation that was necessary to raise thirty-five million dollars (\$35,000,000) from all taxing districts in the county; divided by

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1 (B) the aggregate tax rate imposed by the county unit and, in
 2 the case of Marion County, the health and hospital corporation
 3 in the year.
 4 STEP TWO: Determine the sum of the STEP ONE amounts.
 5 STEP THREE: Divide the STEP TWO result by three (3).
 6 STEP FOUR: Determine the amount that would otherwise be
 7 distributed to the county under subsection (a) or (b), as
 8 appropriate, without regard to this subsection.
 9 STEP FIVE: Determine the result of:
 10 (A) the STEP THREE amount; multiplied by
 11 (B) the STEP FOUR result.
 12 (d) Before distributing the amounts under subsections (a) and (b),
 13 the auditor of state shall deduct for a school corporation an amount for
 14 deposit in a state fund, as directed by the budget agency, equal to the
 15 result determined under STEP FIVE of the following formula:
 16 STEP ONE: Separately for 2006, 2007, and 2008, determine the
 17 result of:
 18 (A) the tax rate imposed by the school corporation in the year
 19 for the tuition support levy under IC 6-1.1-19-1.5 (repealed) or
 20 IC 20-45-3-11 (repealed) for the school corporation's general
 21 fund plus the tax rate imposed by the school corporation for
 22 the school corporation's special education preschool fund;
 23 divided by
 24 (B) the aggregate tax rate imposed by the school corporation
 25 in the year.
 26 STEP TWO: Determine the sum of the results determined under
 27 STEP ONE.
 28 STEP THREE: Divide the STEP TWO result by three (3).
 29 STEP FOUR: Determine the amount of commercial vehicle
 30 excise tax that would otherwise be distributed to the school
 31 corporation under subsection (a) or (b), as appropriate, without
 32 regard to this subsection.
 33 STEP FIVE: Determine the result of:
 34 (A) the STEP FOUR amount; multiplied by
 35 (B) the STEP THREE result.
 36 (e) Upon receipt, the county auditor shall distribute to the taxing
 37 units an amount equal to the product of the taxing unit's distribution
 38 percentage multiplied by the total distributed to the county under this
 39 section. The amount determined shall be apportioned and distributed
 40 among the respective funds of each taxing unit in the same manner and
 41 at the same time as property taxes are apportioned and distributed
 42 **(subject to adjustment as provided in IC 36-8-19-7.5).**

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(f) In the event that sufficient funds are not available in the commercial vehicle excise tax fund for the distributions required by subsection (a) and subsection (b)(1), the auditor of state shall transfer funds from the commercial vehicle excise tax reserve fund.

(g) The auditor of state shall, not later than July 1 of each year, furnish to each county auditor an estimate of the amounts to be distributed to the counties under this section during the next calendar year. Before August 1, each county auditor shall furnish to the proper officer of each taxing unit of the county an estimate of the amounts to be distributed to the taxing units under this section during the next calendar year and the budget of each taxing unit shall show the estimated amounts to be received for each fund for which a property tax is proposed to be levied.

SECTION 6. IC 6-6-6.5-21, AS AMENDED BY P.L.146-2008, SECTION 355, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 21. (a) The department shall allocate each aircraft excise tax payment collected by it to the county in which the aircraft is usually located when not in operation or to the aircraft owner's county of residence if based out of state. The department shall distribute to each county treasurer on a quarterly basis the aircraft excise taxes which were collected by the department during the preceding three (3) months and which the department has allocated to that county. The distribution shall be made on or before the fifteenth of the month following each quarter and the first distribution each year shall be made in April.

(b) Concurrently with making a distribution of aircraft excise taxes, the department shall send an aircraft excise tax report to the county treasurer and the county auditor. The department shall prepare the report on the form prescribed by the state board of accounts. The aircraft excise tax report must include aircraft identification, owner information, and excise tax payment, and must indicate the county where the aircraft is normally kept when not in operation. The department shall, in the manner prescribed by the state board of accounts, maintain records concerning the aircraft excise taxes received and distributed by it.

(c) Except as provided in section 21.5 of this chapter, each county treasurer shall deposit money received by ~~him~~ **the treasurer** under this chapter in a separate fund to be known as the "aircraft excise tax fund". The money in the aircraft excise tax fund shall be distributed to the taxing units of the county in the manner prescribed in subsection (d).

(d) As used in this subsection, "taxing district" has the meaning set forth in IC 6-1.1-1-20, "taxing unit" has the meaning set forth in

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IC 6-1.1-1-21, and "tuition support levy" refers to a school corporation's tuition support property tax levy under IC 20-45-3-11 (repealed) for the school corporation's general fund. In order to distribute the money in the county aircraft excise tax fund to the taxing units of the county, the county auditor shall first allocate the money in the fund among the taxing districts of the county. In making these allocations, the county auditor shall allocate to a taxing district the excise taxes collected with respect to aircraft usually located in the taxing district when not in operation. Subject to this subsection, the money allocated to a taxing district shall be apportioned and distributed among the taxing units of that taxing district in the same manner and at the same time that the property taxes are apportioned and distributed **(subject to adjustment as provided in IC 36-8-19-7.5)**. For purposes of determining the distribution for a year under this section for a taxing unit, a state welfare and tuition support allocation shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the state welfare and tuition support allocation to the treasurer of state for deposit as directed by the budget agency. The amount of the state welfare and tuition support allocation for a county for a particular year is equal to the result determined under STEP THREE of the following formula:

STEP ONE: Determine the result of the following:

(A) Separately for 2006, 2007, and 2008 for each taxing district in the county, determine the result of:

(i) the tax rate imposed in the taxing district for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, children with special health care needs county fund, plus, in the case of Marion County, the tax rate imposed by the health and hospital corporation that was necessary to raise thirty-five million dollars (\$35,000,000) from all taxing districts in the county; divided by

(ii) the aggregate tax rate imposed in the taxing district for the same year.

(B) Determine the sum of the clause (A) amounts.

(C) Divide the clause (B) amount by three (3).

(D) Determine the result of:

(i) the amount of excise taxes allocated to the taxing district that would otherwise be available for distribution to taxing units in the taxing district; multiplied by

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1 (ii) the clause (C) amount.
 2 (E) Determine the sum of the clause (D) amounts for all taxing
 3 districts in the county.
 4 STEP TWO: Determine the result of the following:
 5 (A) Separately for 2006, 2007, and 2008 for each taxing
 6 district in the county, determine the result of:
 7 (i) the tuition support levy tax rate imposed in the taxing
 8 district plus the tax rate imposed by the school corporation
 9 for the school corporation's special education preschool fund
 10 in the district; divided by
 11 (ii) the aggregate tax rate imposed in the taxing district for
 12 the same year.
 13 (B) Determine the sum of the clause (A) amounts.
 14 (C) Divide the clause (B) amount by three (3).
 15 (D) Determine the result of:
 16 (i) the amount of excise taxes allocated to the taxing district
 17 that would otherwise be available for distribution to taxing
 18 units in the taxing district; multiplied by
 19 (ii) the clause (C) amount.
 20 (E) Determine the sum of the clause (D) amounts for all taxing
 21 districts in the county.
 22 STEP THREE: Determine the sum of the STEP ONE and STEP
 23 TWO amounts for the county.
 24 If the boundaries of a taxing district change after the years for which a
 25 ratio is calculated under STEP ONE or STEP TWO, the budget agency
 26 shall establish a ratio for the new taxing district that reflects the tax
 27 rates imposed in the predecessor taxing districts.
 28 (e) Within thirty (30) days following the receipt of excise taxes from
 29 the department, the county treasurer shall file a report with the county
 30 auditor concerning the aircraft excise taxes collected by the county
 31 treasurer. The county treasurer shall file the report on the form
 32 prescribed by the state board of accounts. The county treasurer shall,
 33 in the manner and at the times prescribed in IC 6-1.1-27, make a
 34 settlement with the county auditor for the aircraft excise taxes collected
 35 by the county treasurer. The county treasurer shall, in the manner
 36 prescribed by the state board of accounts, maintain records concerning
 37 the aircraft excise taxes received and distributed by ~~him~~ **the treasurer**.
 38 SECTION 7. IC 6-6-11-31, AS AMENDED BY P.L.146-2008,
 39 SECTION 357, IS AMENDED TO READ AS FOLLOWS
 40 [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) A boat excise tax fund
 41 is established in each county. Each county treasurer shall deposit in the
 42 fund the taxes received under this chapter.

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(b) As used in this subsection, "taxing district" has the meaning set forth in IC 6-1.1-1-20, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, and "tuition support levy" refers to a school corporation's tuition support property tax levy under IC 20-45-3-11 (repealed) for the school corporation's general fund. The excise tax money in the county boat excise tax fund shall be distributed to the taxing units of the county. The county auditor shall allocate the money in the fund among the taxing districts of the county based on the tax situs of each boat. Subject to this subsection, the money allocated to the taxing units shall be apportioned and distributed among the funds of the taxing units in the same manner and at the same time that property taxes are apportioned and distributed **(subject to adjustment as provided in IC 36-8-19-7.5)**. For purposes of determining the distribution for a year under this section for a taxing unit, a state welfare and tuition support allocation shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the state welfare and tuition support allocation to the treasurer of state for deposit as directed by the budget agency. The amount of the state welfare and tuition support allocation for a county for a particular year is equal to the result determined under STEP THREE of the following formula:

STEP ONE: Determine the result of the following:

(A) Separately for 2006, 2007, and 2008 for each taxing district in the county, determine the result of:

(i) the tax rate imposed in the taxing district for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, children with special health care needs county fund, plus, in the case of Marion County, the tax rate imposed by the health and hospital corporation that was necessary to raise thirty-five million dollars (\$35,000,000) from all taxing districts in the county; divided by

(ii) the aggregate tax rate imposed in the taxing district for the same year.

(B) Determine the sum of the clause (A) amounts.

(C) Divide the clause (B) amount by three (3).

(D) Determine the result of:

(i) the amount of excise taxes allocated to the taxing district that would otherwise be available for distribution to taxing units in the taxing district; multiplied by

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- 1 (ii) the clause (C) amount.
 2 (E) Determine the sum of the clause (D) amounts for all taxing
 3 districts in the county.
 4 STEP TWO: Determine the result of the following:
 5 (A) Separately for 2006, 2007, and 2008 for each taxing
 6 district in the county, determine the result of:
 7 (i) the tuition support levy tax rate imposed in the taxing
 8 district plus the tax rate imposed by the school corporation
 9 for the school corporation's special education preschool fund
 10 in the district; divided by
 11 (ii) the aggregate tax rate imposed in the taxing district for
 12 the same year.
 13 (B) Determine the sum of the clause (A) amounts.
 14 (C) Divide the clause (B) amount by three (3).
 15 (D) Determine the result of:
 16 (i) the amount of excise taxes allocated to the taxing district
 17 that would otherwise be available for distribution to taxing
 18 units in the taxing district; multiplied by
 19 (ii) the clause (C) amount.
 20 (E) Determine the sum of the clause (D) amounts for all taxing
 21 districts in the county.
 22 STEP THREE: Determine the sum of the STEP ONE and STEP
 23 TWO amounts for the county.
 24 If the boundaries of a taxing district change after the years for which a
 25 ratio is calculated under STEP ONE or STEP TWO, the budget agency
 26 shall establish a ratio for the new taxing district that reflects the tax
 27 rates imposed in the predecessor taxing districts.
 28 SECTION 8. IC 36-8-19-6.5 IS ADDED TO THE INDIANA CODE
 29 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 30 1, 2009]: **Sec. 6.5. (a) The legislative bodies of all participating units
 31 in a territory may agree to change the provider unit of the
 32 territory from one (1) participating unit to another participating
 33 unit. To change the provider unit, the legislative body of each
 34 participating unit must adopt an ordinance (if the unit is a county
 35 or municipality) or a resolution (if the unit is a township) that
 36 agrees to and specifies the new provider unit. The provider unit
 37 may not be changed unless all participating units agree on the
 38 participating unit that will become the new provider unit. The
 39 participating units may not change the provider unit more than
 40 one (1) time in any year.**
 41 **(b) The following apply to an ordinance or a resolution adopted
 42 under this section to change the provider unit of the territory:**

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(1) The ordinance or resolution must be adopted after January 1 but before April 1 of a year.

(2) The ordinance or resolution takes effect January 1 of the year following the year in which the ordinance or resolution is adopted.

SECTION 9. IC 36-8-19-7.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7.5. (a) This section applies to:

(1) county adjusted gross income tax, county option income tax, and county economic development income tax distributions; and

(2) excise tax distributions; made after December 31, 2008.

(b) For purposes of allocating any county adjusted gross income tax, county option income tax, and county economic development income tax distributions or excise tax distributions that are distributed based on the amount of a taxing unit's property tax levies, each participating unit in a territory shall be considered to have imposed a part of the property tax levy imposed for the territory. The part of the property tax levy imposed for the territory for a particular year that shall be attributed to a participating unit is equal to the amount determined in the following STEPS:

STEP ONE: Determine the total amount of all property taxes imposed by the participating unit in the year before the year in which a property tax levy was first imposed for the territory.

STEP TWO: Determine the sum of the STEP ONE amounts for all participating units.

STEP THREE: Divide the STEP ONE result by the STEP TWO result.

STEP FOUR: Multiply the STEP THREE result by the property tax levy imposed for the territory for the particular year.

SECTION 10. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred House Bill 1426, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

SMITH V, Chair

Committee Vote: yeas 12, nays 0.

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